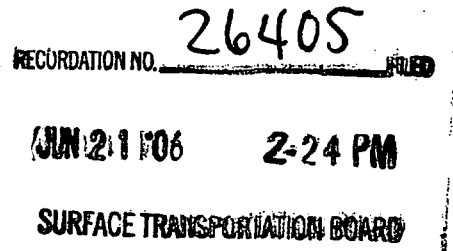


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OF COUNSEL  
URBAN A. LESTER

June 21, 2006

Mr. Vernon A. Williams  
Secretary  
Surface Transportation Board  
Washington, D.C. 20423

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two (2) copies of a Memorandum of Mortgage, dated as of June 21, 2006, a primary document as defined in the Board's Rules for the Recordation of Documents.

The name and address of the party to the enclosed document are:

Debtor: Babcock & Brown Rail Funding LLC  
885 Second Avenue  
49<sup>th</sup> Floor  
New York, NY 10017

[Secured Party: Bayerische Hypo-Und Vereinsbank AG, Agent  
FPA 4 Lease/Asset Finance  
Am Tucherpark 1 (FPA)  
80538 Munich  
Germany]

Mr. Vernon A. Williams  
June 21, 2006  
Page Two

A description of the railroad equipment covered by the enclosed document is:

50 covered hopper railcars: LAFX 060141 – LAFX 060160  
LAFX 060161 – LAFX 060180  
SWSX 60601 – SWSX 60610

A short summary of the document to appear in the index is:

Memorandum of Mortgage

Also enclosed is a check in the amount of \$34.00 payable to the order of the Surface Transportation Board covering the required recordation fee.

Kindly return stamped copies of the enclosed document to the undersigned.

Very truly yours,



Edward M. Luria

EML/sem  
Enclosures

JUN 21 '06

2-24 PM

**MEMORANDUM OF MORTGAGE**

SURFACE TRANSPORTATION BOARD


Memorandum of Mortgage, made and entered into as of June 21, 2006 between **BABCOCK & BROWN RAIL FUNDING LLC** (the "Debtor") and **BAYERISCHE HYPO-UND VEREINSBANK AG**, as Agent under the Security Agreement referred to below (together with its successors and permitted assigns, the "Secured Party"). Terms used in this instrument have the meanings assigned thereto in the Amended and Restated Security Agreement dated as of October 18, 2002 (as supplemented, including by Security Agreement Supplement No. 33 dated the date hereof, the "Security Agreement") between the Secured Party and the Debtor.

**WITNESSETH:**

The undersigned and the Secured Party have entered into the Security Agreement, by which the Debtor has granted a security interest in certain railroad equipment bearing reporting marks and road numbers as listed on Exhibit A attached hereto and in each lease referred to on Exhibit B attached hereto to the Secured Party in order to secure the Debtor's performance of its obligations as described in the Security Agreement.

IN WITNESS WHEREOF, the party hereto has caused this memorandum to be duly executed by its officer duly authorized as of the date and year first above written.

**BABCOCK & BROWN RAIL FUNDING  
LLC**

By   
Name: Ross Sullivan  
Title: Vice President

STATE OF CALIFORNIA            )  
  ) ss.:  
COUNTY OF SAN FRANCISCO    )

On the 20 day of June in the year 2006 before me personally came Ross Sullivan to me known, who, being by me duly sworn, did depose and say that he resides at 1090 Butterfield Road, San Anselmo, CA 94960; that he is the Vice President (duly appointed) of Babcock & Brown Rail Funding LLC, the limited liability company described in and which executed the above instrument; and that he signed his name thereto by authority of the officers of said limited liability company.



Martin Phillips  
Notary Public

[Notarial Seal]

Memorandum of Mortgage

**Exhibit A**  
**to Memorandum of Mortgage**

**EQUIPMENT**

<u>Lease #</u>	<u># Cars</u>	<u>Year Built</u>	<u>Description</u>	<u>Reporting Marks</u>	<u>Casualty Marks</u>
1	20	2006	3230 CF Pressure Differential Covered Hoppers, 286,000 GRL, AAR Car Type Code C612, built by Trinity North America Freight Car, Inc.	LAFX 060141- 060160, inclusive.	None
2	20	2006	3230 CF Pressure Differential Covered Hoppers, 286,000 GRL, AAR Car Type Code C612, built by Trinity North America Freight Car, Inc.	LAFX 060161- 060180, inclusive	None
3	10	2006	3230 CF Pressure Differential Covered Hoppers, 286,000 GRL, AAR Car Type Code C612, built by Trinity North America Freight Car, Inc.	SWSX 60601-60610, inclusive	None

**LIST OF LEASES AND OTHER OPERATIVE AGREEMENTS**

**Lease # 1**

Master Net Railcar Lease dated as of March 29, 2006, by and between Babcock & Brown Rail Funding LLC and Lafarge North America, Inc., to the extent the same relates to the Equipment described under the caption 'Lease #1' in Exhibit A hereto.

Schedule No. 01 to Master Net Railcar Lease, dated as of March 29, 2006, by and between Babcock & Brown Rail Funding LLC and Lafarge North America, Inc., to the extent the same relates to the Equipment described under the caption 'Lease #1' in Exhibit A hereto.

Memorandum of Net Railcar Lease, dated as of March 29, 2006, by and between Babcock & Brown Rail Funding LLC and Lafarge North America, Inc., in respect of the Equipment described under the caption 'Lease #1' in Exhibit A hereto.

Certificates of Acceptance of Railroad Cars dated May 11, 2006, May 18, 2006 and May 25, 2006, from Lafarge North America, Inc. to Babcock & Brown Rail Funding LLC, in respect of the Equipment described under the caption 'Lease #1' in Exhibit A hereto.

Letter Agreement for One Thousand (1000) Covered Hopper Rail Cars made and entered into as of August 19, 2005, by and between Trinity North American Freight Car, Inc. and Babcock & Brown Rail Funding LLC, to the extent the same relates to the Equipment described under the caption 'Lease #1' in Exhibit A hereto.

Warranty Bill of Sale dated as of June 21, 2006, from Trinity North American Freight Car, Inc. to Babcock & Brown Rail Funding LLC and each Certificate of Acceptance executed by Babcock & Brown Rail Funding LLC in relation to the railcars identified in such Warranty Bill of Sale, to the extent the same relates to the Equipment described under the caption 'Lease #1' in Exhibit A hereto.

**Lease # 2**

Master Net Railcar Lease dated as of March 29, 2006, by and between Babcock & Brown Rail Funding LLC and Lafarge North America, Inc., to the extent the same relates to the Equipment described under the caption 'Lease #2' in Exhibit A hereto.

Schedule No. 02 to Master Net Railcar Lease, dated as of May 24, 2006, by and between Babcock & Brown Rail Funding LLC and Lafarge North America, Inc., to the extent the same relates to the Equipment described under the caption 'Lease #2' in Exhibit A hereto.

Memorandum of Net Railcar Lease, dated as of May 24, 2006, by and between Babcock & Brown Rail Funding LLC and Lafarge North America, Inc., in respect of the Equipment described under the caption 'Lease #2' in Exhibit A hereto.

Certificates of Acceptance of Railroad Cars dated May 25, 2006, May 31, 2006 and June 1, 2006, from Lafarge North America, Inc. to Babcock & Brown Rail Funding LLC, in respect of the Equipment described under the caption 'Lease #2' in Exhibit A hereto.

Letter Agreement for One Thousand (1000) Covered Hopper Rail Cars made and entered into as of August 19, 2005, by and between Trinity North American Freight Car, Inc. and Babcock & Brown Rail Funding LLC, to the extent the same relates to the Equipment described under the caption 'Lease #2' in Exhibit A hereto.

Warranty Bill of Sale dated as of June 21, 2006, from Trinity North American Freight Car, Inc. to Babcock & Brown Rail Funding LLC and each Certificate of Acceptance executed by Babcock & Brown Rail Funding LLC in relation to the railcars identified in such Warranty Bill of Sale, to the extent the same relates to the Equipment described under the caption 'Lease #2' in Exhibit A hereto.

### Lease # 3

Master Net Railcar Lease dated as of April 24, 2006, by and between Babcock & Brown Rail Funding LLC and Superior Well Services, Inc., to the extent the same relates to the Equipment described under the caption 'Lease #3' in Exhibit A hereto.

Schedule No. 01 to Master Net Railcar Lease, dated as of April 24, 2006, by and between Babcock & Brown Rail Funding LLC and Superior Well Services, Inc., to the extent the same relates to the Equipment described under the caption 'Lease #3' in Exhibit A hereto.

Memorandum of Net Railcar Lease, dated as of April 24, 2006, by and between Babcock & Brown Rail Funding LLC and Superior Well Services, Inc., in respect of the Equipment described under the caption 'Lease #3' in Exhibit A hereto.

Certificate of Acceptance of Railroad Cars dated June 9, 2006, from Superior Well Services, Inc. to Babcock & Brown Rail Funding LLC, in respect of the Equipment described under the caption 'Lease #3' in Exhibit A hereto.

Letter Agreement for One Thousand (1000) Covered Hopper Rail Cars made and entered into as of August 19, 2005, by and between Trinity North American Freight Car, Inc. and Babcock & Brown Rail Funding LLC, to the extent the same relates to the Equipment described under the caption 'Lease #3' in Exhibit A hereto.

Warranty Bill of Sale dated as of June 21, 2006, from Trinity North American Freight Car, Inc. to Babcock & Brown Rail Funding LLC and each Certificate of Acceptance executed by Babcock & Brown Rail Funding LLC in relation to the railcars identified in such Warranty Bill of Sale, to the extent the same relates to the Equipment described under the caption 'Lease #3' in Exhibit A hereto.

Together with all substitutions, replacements and renewals of the property above described, and all property which shall hereafter become physically attached to or incorporated in the property above described, whether the Debtor now has rights therein or such rights shall hereafter be acquired by it.



**CERTIFICATION**

I, Edward M. Luria, an attorney licensed to practice in the District of Columbia, the State of Delaware and the Commonwealth of Pennsylvania, do hereby certify under penalty of perjury that I have compared the attached copy with the original thereof and have found the copy to be complete and identical in all respects to the original document.

Dated: June 21, 2006

  
Edward M. Luria